## NC

Aff’s use of “developing” countries would be defined by GDP.

**S-cool 11** writes[[1]](#footnote-1)

**Indicators of development** have several uses: They allow us to use a figure for comparing different countries. Countries can be ranked in an attempt to fairly allocate Aid payments. Indicators **give us an idea about what the country is like economically, socially even environmentally. They** do however **have limitations that you should be aware of.** These are discussed later. You need to be able to define the main indicators, explain what they mean and discuss their strengths and weaknesses. You should be aware that this is not a complete list of all indicators as that would be impossible. Did you know that **one of the latest** indicators **is the Big Mac indicator**? Countries are ranked according to how long an average waged worker must work to be able to afford a Big Mac. I'm not sure what happens if they go to Burger King! The main indicators Gross Domestic Product (GDP) - this is the value of all goods and services produced within a country. It is usually measured in US$ and calculated per capita. This makes comparisons between different countries easier. Alternatively you could be faced with Gross National Product (GNP). The difference is that GNP also includes goods and services produced by that country overseas. **GDP is** probably **the most widely used** indicator. It implies a lot about the country. If the figure is high it suggests they have a large number of productive industries producing goods. It also suggests that the service industry is well developed. (Services include things such as hospital and schools. If the figure is low it suggests that the country has few industries and few services so therefore a poor standard of living.)

Absent AC specification, default to normal means. It’s the most predictable and objective standard for interpreting the aff advocacy and prevents shifty 1AR clarification that spikes out of disads and counterplans.

GDP is biased. It produces skewed evaluations of poor countries which undermine effective policy-making.

**Gates 13** writes[[2]](#footnote-2)

The answer depends, **in** part, on **how we measure growth** and improvements in people’s lives. Traditionally, **one** of the **guiding factor**s **has been per capita GDP**—the value of goods and services produced by a country in a year divided by the country’s population. Yet **GDP may be an inaccurate indicator in the poorest countries, which is a concern not only for** policymakers or people like me who read lots of **World Bank reports, but also for** anyone who wants to use statistics to make the case for **helping the world’s poorest people.** I have long believed that GDP understates growth even in rich countries, where its measurement is quite sophisticated, because it is very difficult to compare the value of baskets of goods across different time periods. In the United States, for example, a set of encyclopedias in 1960 was expensive but held great value for families with studious kids. (I can speak from experience, having spent many hours poring over the multivolume World Book Encyclopedia that my parents bought for my sisters and me.) Now, thanks to the Internet, kids have access to far more information for free. How do you factor that into GDP? The **challenges** of calculating GDP **are** particularly **acute in sub-Saharan Africa, owing to weak national statistics offices and historical biases** that muddy crucial measurements. Bothered by what he regarded as problems in Zambia’s national statistics, Morten Jerven, an assistant professor at Simon Fraser University, spent four years examining how African countries obtain their data and the challenges they face in turning them into GDP estimates. His new book, Poor Numbers: How We Are Misled by African Development Statistics and What to Do about It, makes a strong case that a lot of GDP measurements that we thought were accurate are far from it. Jerven notes that many **African countries have trouble measuring** the size of **their** relatively large **subsistence economies** and unrecorded economic activity. How do you account for the production of a farmer who grows and eats his own food? If subsistence farming is systematically underestimated, some of what looks like growth as an economy moves out of subsistence may merely reflect a shift to something that is easier to capture statistically. There are other problems with poor countries’ GDP data. For example, **many** countries in sub-Saharan Africa **do not update** their **reporting** often **enough**, so their GDP numbers may miss large and fast-growing economic sectors, like cell phones. **When Ghana updated its reporting** a few years ago, **its GDP jumped** by **60 percent. But** many people didn’t understand that **this was just a statistical anomaly**, not an actual change in Ghanaians’ standard of living. In addition, **there are several ways to calculate GDP, and they can produce wildly different results.** Jerven mentions three: the World Development Indicators, published by the World Bank (by far the most commonly used dataset); the Penn World Table, released by the University of Pennsylvania; and the Maddison Project at the University of Groningen, which is based on work by the late economist Angus Maddison. These sources rely on the same basic data, but they modify it in different ways to account for inflation and other factors. As a result, their rankings of different countries’ economies can vary widely. **Liberia is** sub-Saharan **Africa’s second-**poorest, **seventh-**poorest, **or 22nd-poorest country** in terms of GDP, **depending on** which authority **whom you consult.** **It is not only** the **relative rankings** that differ. **Sometimes, one** source **will show a country growing** by several percentage points, **and another** source **will show it shrinking** over the same time period. Jerven cites these discrepancies to argue that we cannot be certain whether one poor country’s GDP is higher than another’s, and that **we should not use GDP** alone to make judgments **about which** economic **policies lead to growth.**

Thus the counterplan: Countries with a low Big Mac Index score should prioritize environmental protection over resource extraction when the two are in conflict.

CP solves. The Big Mac Index objectively measures standard-of-living disparities across “developing” countries.

**Detterbeck 12** writes[[3]](#footnote-3)

A Big Mac has 540 calories and 29 grams of fat. It also contains important economic information that The Economist and others use to compare international prices and wages. In January, a Big Mac cost $6.81 in Switzerland, $4.20 in the U.S., $2.44 in China, and $1.96 in India. The hourly wage at a McDonald’s (“McWages”) in each of those countries was $15.00, $9.24, $1.46 and 78 cents, respectively. **Economists divide** the **cost** of the Big Mac **by** the **McWage to get “Big Macs per Hour”** or BMPH in comparing countries. In the U.S., Canada and Western Europe, our BMPH is 2.2 (hourly earnings at a McDonald’s are 2.2 times the cost of Big Mac). In China the BMPH is .6 and in India only .4. So, in India, McDonald workers would have to work 2 ½ hours just to be able to buy a Maharaja Mac (made of chicken, not beef.) These numbers change over time and that’s what the economists are tracking. The Big Mac Index was started in 1986 to attempt to track “purchasing power parity (“PPP”)” used to evaluate market exchange rates, currency valuations and cost of living changes across the globe. Mc Wages and **Big Macs were selected because they are uniform and ubiquitous. Sandwiches are produced worldwide according to a rigid**ly uniform process detailed in a **600 page manual. Identical burgers are produced in every city. This produces an ideal environment for global** productivity **comparisons.** BMPH represents a PPP-like calculation of the real wage, taking account the local cost of goods. **The Big Mac Index demonstrates** the vast gulfs in worldwide productivity and standards of living. The gaps are in fact shrinking. In the U.S., our BMPH was 2.4 in 2007. Now, the McWage is up 26% in four years, but the cost of the Big Mac is up 38%, partially due to increases in food prices. The net 9% drop in our BMPH is one sign of a reduced overall standard of living. In Russia, the BMPH increased an astounding 152% from 2000 to 2007 and has increased another 42% from 2007 to 2011. China has had increases of 60% from 2000 to 2007 and another 22% from 2007 to 2011. India saw a large increase of 53% from 2000 to 2007 but their BMPH declined by 10% from 2007 to 2011. It’s no surprise that more **progress in standards of living** was **made by** the BRICs and other **developing countries** from 2000 to 2007 than from 2007 to 2011.

Studies and scholarship confirm.

**Economist 13** writes[[4]](#footnote-4)

**THE Big Mac index was invented by The Economist in 1986** as a lighthearted guide to whether currencies are at their “correct” level. It is **based on the theory of purchasing-power** parity (PPP), the notion that in the long run exchange rates should move towards the rate that would equalise the prices of an identical basket of goods and services (in this case, a burger) in any two countries. For example, the average price of a Big Mac in America in July 2013 was $4.56; in China it was only $2.61 at market exchange rates. So the "raw" Big Mac index says that the yuan was undervalued by 43% at that time. **Burgernomics was** never intended as a precise gauge of currency misalignment, **merely a tool to make exchange-rate theory more digestible. Yet the B**ig **M**ac **i**ndex **has become a global standard, included in** several **economic textbooks and the subject of at least 20 academic studies.** For those who take their fast food more seriously, we have also calculated a gourmet version of the index.

**Extra Cards**

GDP is the most common measure for growth.

**ThinkQuest No Date** writes[[5]](#footnote-5)

Economists have ways of gauging a country's economic status. These numbers always take the form of how much money is in the economy, though it is important to distinguish between the real numbers and the nominal numbers. Real numbers are numbers that are adjusted for inflation. (Inflation will be discussed later, but for now, just consider inflation as the continuing loss of value of currency) Inflation makes numbers seem larger than they really are, so real numbers are nominal numbers that have had the amount inflation accounts for removed. **A measure of national output is** the **GDP,** the gross domestic product, which is the combined output within a country's economy. It includes all output occuring within a country, individual income, business income, everything in one year. **GDP is the most common measure, and when economists say the economy has risen or fallen** by a certain amount**, they usually mean how the GDP has changed.**

GDP is one of the most commonly used economic measures. The author works for the IMF.

**Callen 12** writes[[6]](#footnote-6)

Economics is no different. **Economists use many abbreviations. One of the most common is GDP**, which stands for gross domestic product. **It is often cited in newspapers,** on the **t**ele**v**ision news**, and** in reports **by governments,** central **banks, and the business community. It has become widely used as a reference point for the health of** national and global **economies.** When GDP is growing, especially if inflation is not a problem, workers and businesses are generally better off than when it is not. Measuring GDP GDP measures the monetary value of final goods and services—that is, those that are bought by the final user—produced in a country in a given period of time (say a quarter or a year). It counts all of the output generated within the borders of a country. GDP is composed of goods and services produced for sale in the market and also includes some nonmarket production, such as defense or education services provided by the government. An alternative concept, gross national product, or GNP, counts all the output of the residents of a country. So if a German-owned company has a factory in the United States, the output of this factory would be included in U.S. GDP, but in German GNP.

1. S-cool (largest A-level and GSCE revision site in the UK). Measuring Differences in Development.” January 21st, 2011. http://www.s-cool.co.uk/a-level/geography/world-development/revise-it/measuring-differences-in-development [↑](#footnote-ref-1)
2. Bill Gates (college dropout). “GDP Is a Terrible Way to Measure a Country’s Economy.” Slate. 9 May 2013. http://www.slate.com/articles/business/project\_syndicate/2013/05/bill\_gates\_on\_helping\_the\_poor\_gdp\_is\_a\_terrible\_measurement.html [↑](#footnote-ref-2)
3. Lester G. Detterbeck, CFP, CFA, CPA/PFS, MBA (“Les was born in Chicago, a few blocks from Wrigley Field and has been a “wait til next year” Chicago Cubs fan for his entire life. He received his Bachelor of Science in Math/Accounting from the University of Illinois and passed the CPA exam in 1969. After graduation, Les worked for Arthur Andersen & Co, his father’s small manufacturing business, and McGladrey and Pullen, CPAs. In 1976, he started his own CPA firm, now called Detterbeck Johnson & Monsen and continues today as its Chairman of the Board. He received his M.B.A. from Roosevelt University, summa cum laude in 1978. Les became a CFP® certificant in 1987”). “The Big Mac Index: Tracking Worldwide Standards of Living.” Detterbeck Wealth Management 19 June 2012. http://www.dwmgmt.com/the-big-mac-index-tracking-worldwide-standards-of-living/ [↑](#footnote-ref-3)
4. The Economist. The Big Mac index: Global exchange rates, to go. JULY 11TH 2013, BY D.H. & R.W. http://www.economist.com/content/big-mac-index [↑](#footnote-ref-4)
5. Oracle ThinkQuest. “Measuring the Economy.” Oracle Education Foundation. No date. http://library.thinkquest.org/C004323/low/basics4.html [↑](#footnote-ref-5)
6. Tim Callen (assistant director in the IMF’s external relations department). “Gross Domestic Product: An Economy’s All.” March 28th, 2012. http://www.imf.org/external/pubs/ft/fandd/basics/gdp.htm [↑](#footnote-ref-6)